

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0927-01
Bill No.: HJR 32
Subject: Bonds - General Obligation and Revenue; Constitutional Amendments; Motor Fuel; Roads and Highways; Transportation
Type: Original
Date: March 30, 2009

Bill Summary: This proposes a constitutional amendment creating the Fifth State Building Bond and Interest Fund.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	\$0	\$0 or (Unknown less than \$54,908,703)	\$0 or (Unknown less than \$54,760,703)
Total Estimated Net Effect on General Revenue Fund	\$0	\$0 or (Unknown less than \$54,908,703)	\$0 or (Unknown less than \$54,760,703)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Fifth State Building Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration** assume passage of this legislation and issuance of bonds in FY 2011. Our assumptions include: \$700,000,000 issuance amount, for 25 years, and 6% interest rate. The amount for FY 2011 includes \$150,000 one time cost of issuance fees. The first transfer from the General Revenue fund to the debt service fund would take place in FY 2011 for payments in FY 2012.

FY 2011 Costs:

GR transfer to debt service fund for FY 2012 principal and interest: \$54,758,703

One time Cost of Issuance fees: \$150,000

FY 2012 Costs:

GR transfer to debt service fund for FY 2013 principal and interest: \$54,758,703

Annual issuance fees: \$2,000

Officials at the **Department of Higher Education, Missouri Southern State University, Linn State Technical College, Missouri Western State University, Office of the State Treasurer, Missouri State University** and the **Department of Economic Development** assume that there is no fiscal impact from this proposal.

Officials at the **University of Central Missouri, Lincoln University** and the **University of Missouri** assume a potential positive impact long-term but it is unknown.

Officials at the **Office of the Secretary of State (SOS)** assume many joint resolutions are considered by the General Assembly that would require the SOS to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.6 million historically appropriated in even numbered fiscal years and \$100,000 appropriated in odd numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2009 in the November election there were 5 statewide Constitutional Amendments or ballot propositions that cost \$1.35 million to publish (an average of \$270,000 per issue). Therefore, the SOS assumes, for the purposes of this fiscal note, that it should have the full appropriation

ASSUMPTION (continued)

authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

Oversight assumes the SOS could absorb the costs of advertising the statewide ballot measure related to this proposal within their current appropriation level. If multiple bills pass or if multiple ballot initiatives are validated which require similar advertising at substantial costs, the SOS could request funding through the appropriation process.

Oversight assumes this proposal will be voted on at the next regularly scheduled general election rather than at a special election. Therefore the costs would begin in FY 2011.

Oversight assumes this proposal would have no impact unless adopted by the voters. If adopted then there would be an impact for the next 25 years. Therefore Oversight has shown the impact as zero or the repayment amount.

Oversight assumes that the proposal allows for the issuance of bonds not exceeding seven hundred million dollars. Since it is unknown how much will be issued at any given time, Oversight has shown the cost to general revenue as unknown less than the seven hundred million dollar repayment amount.

Oversight assumes that once the bonds are issued and the Fifth State Building Fund receives the money from the sale, all money raised will be spent on approved projects.

FISCAL IMPACT - State Government

FY 2010
 (10 Mo.)

FY 2011

FY 2012

GENERAL REVENUE

Transfer Out - repayment of principal,
 interest and issuance fee

<u>\$0</u>	<u>\$0 or (Unknown</u> <u>less than</u> <u>\$54,908,703)</u>	<u>\$0 or (Unknown</u> <u>less than</u> <u>\$54,760,703)</u>
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**ESTIMATED NET EFFECT ON
 GENERAL REVENUE**

<u>\$0</u>	<u>\$0 or</u> <u>(Unknown less</u> <u>than</u> <u>\$54,908,703)</u>	<u>\$0 or</u> <u>(Unknown less</u> <u>than</u> <u>\$54,760,703)</u>
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FIFTH STATE BUILDING FUND

Revenue - issuance of the bonds

\$0	Unknown less than \$700,000,000	\$0
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Cost - rebuilding projects

\$0	(Unknown less than \$700,000,000)	\$0
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Transfer In - principal, interest and
 issuance fee payment

\$0	\$0 or \$54,908,703	\$0 or \$54,760,703
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Cost- principal, interest and issuance
 fee payment

<u>\$0</u>	<u>\$0 or</u> <u>(\$54,908,703)</u>	<u>\$0 or</u> <u>(\$54,760,703)</u>
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**ESTIMATED NET EFFECT ON
 FIFTH STATE BUILDING FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2010
(10 Mo.)

FY 2011

FY 2012

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

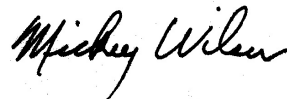
FISCAL DESCRIPTION

Upon voter approval, this proposed constitutional amendment authorizes the General Assembly to issue up to \$700 million in bonds to provide funding for rebuilding higher education institution and public community college buildings; for land acquisitions; for construction or purchase of buildings; and for planning, furnishing, equipping, and landscaping the improvements and buildings. The bonds may be issued over time by the State Board of Fund Commissioners and will mature within 25 years from the date of issuance. The resolution creates the Fifth State Building Bond and Interest Fund for the payment of the bonds and any interest earned.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Higher Education
Missouri Southern State University
Missouri Western State University
University of Central Missouri
Office of the State Treasurer
Missouri State University
Department of Economic Development
Lincoln University
University of Missouri
Office of the Secretary of State

A handwritten signature in black ink, reading "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 30, 2009